

January 30, 2023

Company name: Mebuki Financial Group, Inc.

Representative: Tetsuya Akino, President

(Code number : 7167 Prime Market,

Tokyo Stock Exchange)

Notice Regarding Transfer of Credit Guarantee Companies within Our Group through Dividend in Kind and Share Exchange

Mebuki Financial Group, Inc. (“Mebuki”) announces it has resolved at the meeting of the board of directors held on January 30, 2023 that Mebuki shall acquire all shares of The Joyo Credit Guarantee Co., Ltd.(“Joyo Credit Guarantee”) from The Joyo Bank, Ltd.(“Joyo Bank”, a wholly-owned subsidiary of Mebuki). At the same time, it has resolved to transfer credit guarantee companies within its group through the share exchange between Mebuki Credit Guarantee Co., Ltd.(“Mebuki Credit Guarantee”) as the wholly owning parent company and Joyo Credit Guarantee as the wholly owned subsidiary. In addition, the share exchange will be conducted subject to approval by resolutions of Joyo Bank, at its meeting of board of directors, and Mebuki Credit Guarantee and Joyo Credit Guarantee, at each of their extraordinary general meeting of shareholders held on February 3,2023.

Description

1. Background and reason for the transfer

In the third Medium-Term Group Business Plan, “Build a sustainable management base” is set up as one of the basic strategies. Based on the strategy, Mebuki will work to build a highly productive management base through streamlined management and strengthen the group governance system.

On April 1, 2023, through a dividend in kind, Mebuki will acquire all the shares of Joyo Credit Guarantee, the wholly-owned subsidiary of Joyo Bank. After that, Joyo Credit Guarantee will be the wholly owned subsidiary of Mebuki Credit Guarantee through the share exchange within Joyo Credit Guarantee and Mebuki Credit Guarantee.

After reorganization of credit guarantee companies within our group, we will provide higher quality comprehensive financial services to our group's customers, including both Joyo Bank and The Ashikaga Bank., Ltd., while optimizing group management resources by unifying business processes and consolidating operations.

2. Summary of dividend in kind

(1) Surplus appropriation

Other retained earnings of Joyo Bank will be appropriated for the dividend in kind.

① Type and total book value of the dividend property

Dividend property allocated to Mebuki is a non-monetary asset (common shares as follows), the latest book value of which is as follows.

Trade Name	Number of Shares	Shareholding Ratio	Book Value
The Joyo Credit Guarantee Co., Ltd.	60,000 shares	100%	1,139,041,605yen

② Allocation of the dividend property to the shareholder

All the dividend property will be allocated to Mebuki, who owns all the issued shares of Joyo Bank as of the effective date of the dividend in kind.

(2) Schedule of the dividend in kind

Approval by the Board of Directors (Mebuki)	January 30, 2023
Approval by the Extraordinary General Meeting of Shareholders (Joyo Bank)	January 30, 2023
Effective date	April 1, 2023 (scheduled)

(3) Overview of the companies that will pay the dividend in kind

Trade Name	The Joyo Bank, Ltd.	
Location	5-5, Minami-machi 2-chome, Mito, Ibaraki	
Representative	Tetsuya Akino, President	
Business	Banking business	
Capital Stock	85,113 million yen	
Establishment	July 30, 1935	
Net Assets	566,234 million yen (as of September 30, 2022)	
Total Assets	13,187,463 million yen (as of September 30, 2022)	
Shareholder and Shareholding Ratio	Mebuki Financial Group, Inc. 100%	
Current relationship between Mebuki and Joyo Bank	Capital Ties	Mebuki is applicable to the wholly-owning parent company of Joyo Bank.
	Personnel Relationships	<ul style="list-style-type: none"> • Tetsuya Akino, President of Mebuki, concurrently serves as Director, President of Joyo Bank. • Kiyoshi Nozaki and Toshihiko Ono, Director of Mebuki, concurrently serve as Director, Managing Executive Officer of Joyo Bank.
	Business Relationships	Business management, deposit, guarantee, and administration outsourcing transactions
	Related Parties	Mebuki is applicable to a related party as the parent company of Joyo Bank.

3. Summary of the share exchange

(1) Schedule of the share exchange

Approval by the Board of Directors (Mebuki)	January 30, 2023
Approval by the Board of Directors (Joyo Bank)	February 3, 2023(scheduled)
Approval by the Extraordinary General Meeting of Shareholders (Mebuki Credit Guarantee, Joyo Credit Guarantee)	February 3, 2023 (scheduled)
Contract date of the share exchange (Mebuki Credit Guarantee, Joyo Credit Guarantee)	February 3, 2023 (scheduled)
Effective date of the share exchange	April 1, 2023(scheduled)

(2) Cash delivered upon the share exchange

The share exchange will be conducted without consideration. No shares will be delivered to us as the shareholder of the wholly owned subsidiary in the share exchange from Mebuki Credit Guarantee, the wholly owning parent company.

(3) Handling of stock acquisition rights and bonds with stock acquisition rights

No stock acquisition rights and bonds with stock acquisition rights are issued by Joyo Credit Guarantee.

(4) Overview of wholly owning parent company

Trade Name	Mebuki Credit Guarantee Co., Ltd		
Location	1-25, Sakura 4-chome, Utsunomiya, Tochigi		
Representative	Hiroo Shimada, President		
Business	Credit guarantee business		
Capital Stock	50 million yen		
Establishment	December 21, 1978		
Shareholder and Shareholding Ratio	Mebuki Financial Group, Inc. 100%		
Current relationship between Mebuki and Mebuki Credit Guarantee	Capital Ties	Mebuki is applicable to the wholly-owning parent company of Joyo Credit Guarantee.	
	Personnel Relationships	None	
	Business Relationships	Mebuki provides management and administrative services.	
	Related Parties	Mebuki is applicable to a related party as the parent company.	
Financial Results and Position of Joyo Credit Guarantee for the Last Three Years			
Fiscal Year	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Net Assets	27,848 million yen	9,308 million yen	10,808 million yen
Total Assets	47,980 million yen	31,062 million yen	35,138 million yen
Net assets per Share	278,484 yen	93,082 yen	108,086 yen
Operating Revenue	3,518 million yen	3,502 million yen	3,791 million yen
Operating Income	1,726 million yen	2,075 million yen	2,314 million yen
Net Income	1,160 million yen	1,394 million yen	1,527 million yen
Net Income per Share	11,605 yen	13,945yen	15,270 yen

(5) Overview of wholly owned subsidiary

Trade Name	The Joyo Credit Guarantee Co., Ltd.		
Location	4-12, Minami-machi 3-chome, Mito, Ibaraki		
Representative	Hiroo Shimada, President		
Business	Credit guarantee business		
Capital Stock	30 million yen		
Establishment	April 20, 1978		
Shareholder and Shareholding Ratio	The Joyo Bank, Ltd. 100% (before dividend in kind)		
Current relationship between Mebuki and Joyo Credit Guarantee	Capital Ties	Mebuki is applicable to the indirectly-wholly-owning parent company of Joyo Credit Guarantee.	
	Personnel Relationships	None	
	Business Relationships	None	

	Related Parties	Mebuki is applicable to a related party as the indirectly-owning parent company of Joyo Credit Guarantee.	
Financial Results and Position of Joyo Credit Guarantee for the Last Three Years			
Fiscal Year	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Net Assets	14,248 million yen	16,287 million yen	17,625 million yen
Total Assets	35,769 million yen	36,459million yen	35,850 million yen
Net assets per Share	237,479 yen	271,458 yen	293,762 yen
Operating Revenue	3,477 million yen	3,306 million yen	2,883 million yen
Operating Income	2,317 million yen	2,449 million yen	1,539 million yen
Net Income	1,915 million yen	2,038 million yen	1,338 million yen
Net Income per Share	31,924 yen	33,978 yen	22,303 yen

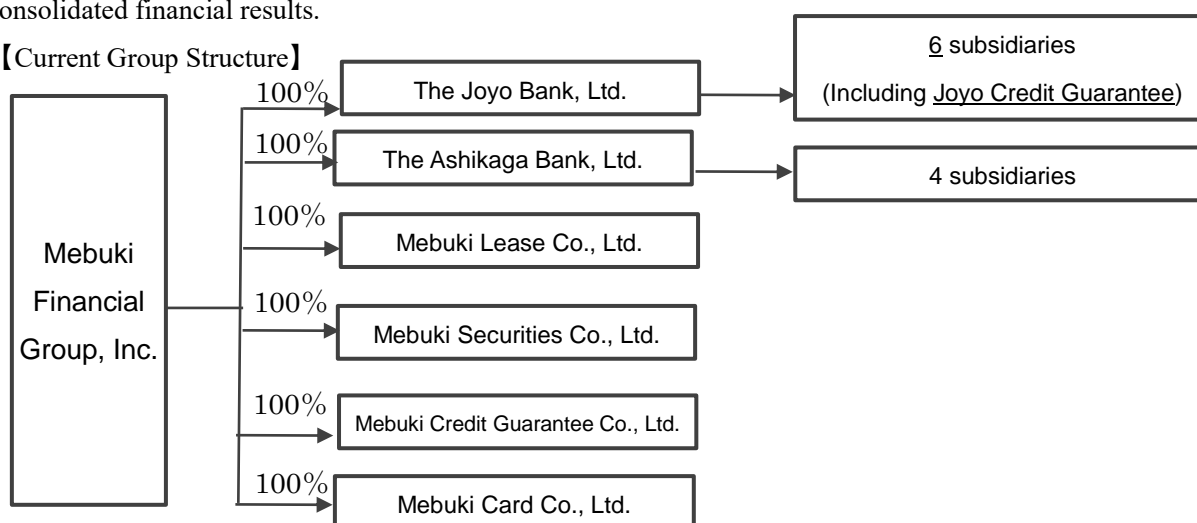
4. Status after the share exchange

Summary of Mebuki Credit Guarantee described above “(4) Overview of wholly owning parent company “ will remain the same: each trade name, locations, representative, business and fiscal year.

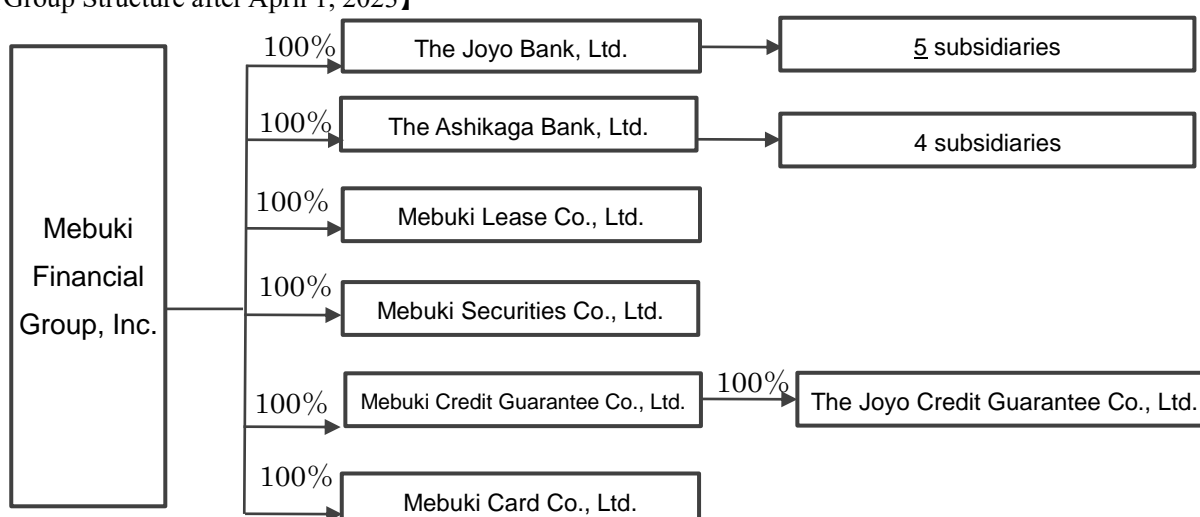
5. Future outlook

Being an internal transaction, this dividend in kind will not affect the consolidated shareholders' equity and the consolidated financial results.

【Current Group Structure】



【Group Structure after April 1, 2023】



End